



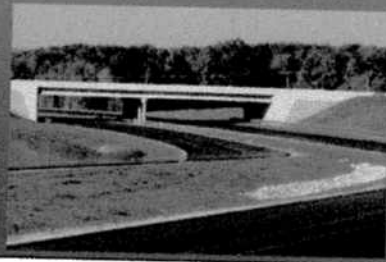
Michigan Infrastructure and Transportation Association  
Presentation to House Transportation Committee

Mike Nystrom, Vice President of Government and Public Relations

## Michigan's Transportation Story

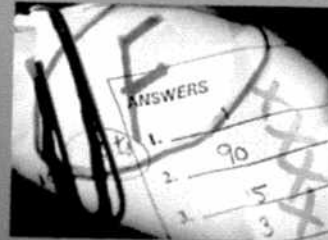
---

- 120,000+ miles of roads (state and local)
- *Michigan has an annual funding shortfall of \$700 million for its state transportation system and at least \$2 billion more for its local roads.*



# Michigan's Transportation Story

- Nationally-recognized group (TRIP) gives Michigan roads a failing grade.



• Roads	D
• Bridges	D
• Congestion	C
• Safety	C-

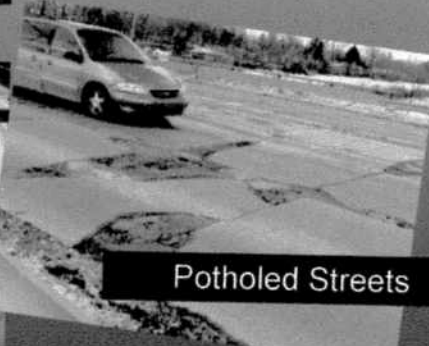
- TRIP equates the deficiencies to lack of overall road funding.

Michigan's infrastructure  
is crumbling

Crumbling Bridges



Congested Roadways



Potholed Streets

The state will do detailed inspections after **concrete chunks** -- some as big as bowling balls -- fall off the Crossneck/I-696 bridge.



## Shattered windshields and shattered nerves



Many miles of M. Crossneck is in jeopardy as it is inspected in mid-March 2006. It is part of a \$1.5-billion project.

The state's new inspection system, which is being implemented in mid-March, will be a major step in ensuring the safety of the state's bridges. The new system will require the state to inspect all bridges, not just the ones that are in the worst shape. The new system will also require the state to inspect the bridges more frequently, from once a year to once every six months. The new system will also require the state to inspect the bridges more thoroughly, using a variety of methods, including visual inspections, ultrasonic testing, and load testing.

By MICHAEL A. ...

## BRIDGES | State orders inspections

By MICHAEL A. ...

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

## The Sky is Falling

## Mich. is in top 10 for unsafe bridges

At least 10% of the state's bridges are in poor condition, state officials say.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.



Michigan's bridges are in poor condition, state officials say.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

... of the state's bridges.

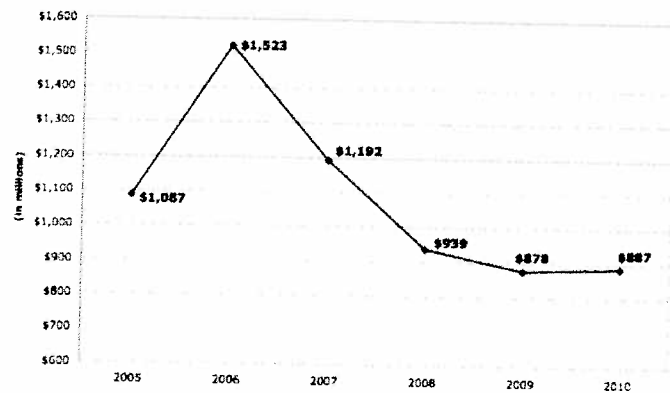
... of the state's bridges.

... of the state's bridges.

## Things are going to get worse

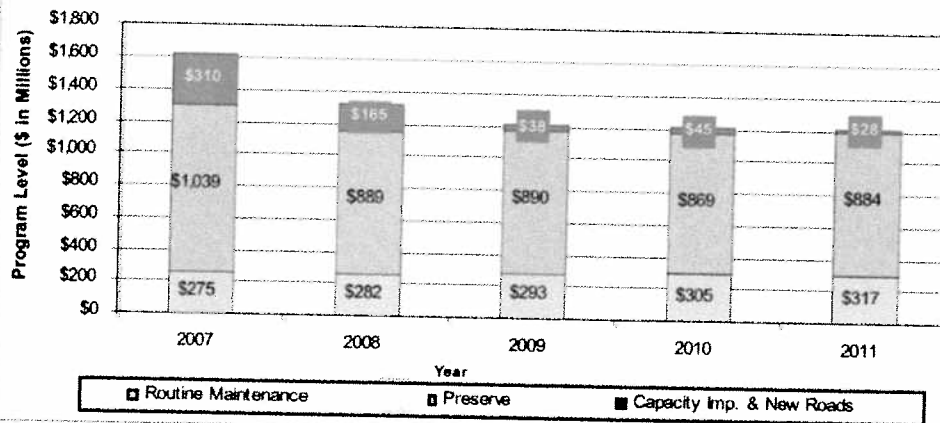
MDOT's road and bridge program is expected to drop by 40 percent by 2008

### MDOT Highway Capital Program (Excluding Routine Maintenance)



# MDOT Highway Investment

FY 2007 to FY 2011  
Five Year Highway Program  
By Work Category



## Things are going to get worse

- Interest payments on our borrowing are projected to be \$217 million in 2007--almost 16 percent of the entire road and bridge budget.
- Costs of materials like steel, cement and petroleum-based products have increased by an average of over 20 percent a year for the past 3 years.



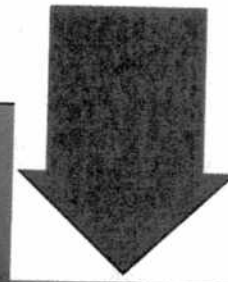
# State Transportation Revenue Forecast



FY 2007: Overall state transportation revenue expected to grow .8%

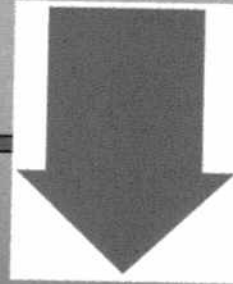
--FY 2006: Overall state transportation revenue grew .1%

## MI Transportation System Relies on Declining Revenue Stream



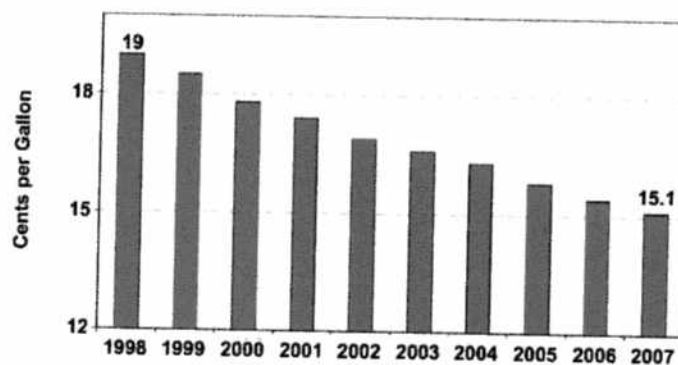
- FY 06 – Gas taxes dropped 1.8%
- Registration fees increased only 0.5%
- Gas tax growth flat or declining since 2000

## Gas Tax Revenues Drop



2004	\$932 million
2005	\$920 million
2006	\$897 million

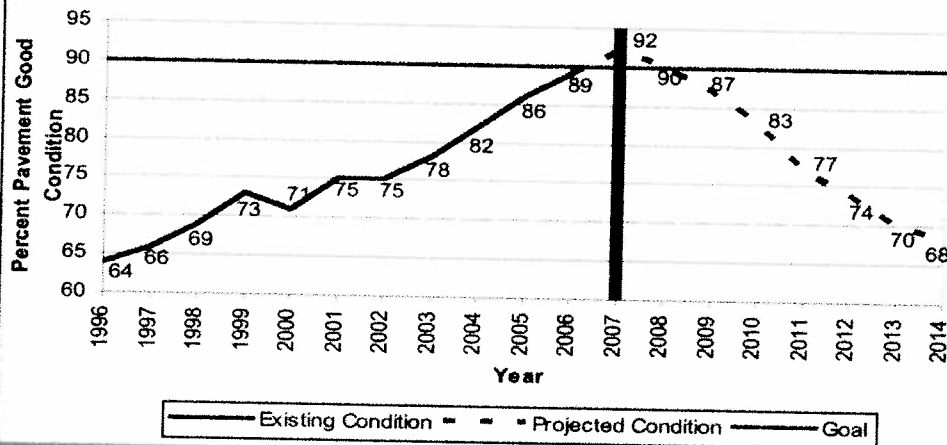
## Decline in the Value of 19 cents



The Purchasing Power of the State Gasoline tax has declined by 20.5% since 1998

# MDOT Pavement Conditions

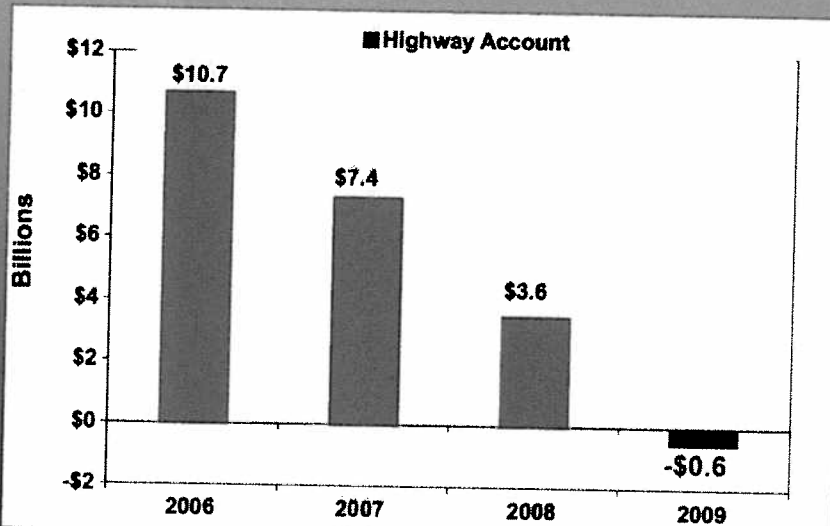
Statewide Pavement Condition  
Combined Freeway & Non-Freeway



Will meet the pavement goal, however, existing investment level will not sustain the condition

## Why a Federal Bailout Isn't Coming Soon

Federal Highway Trust Fund Year-End Balances



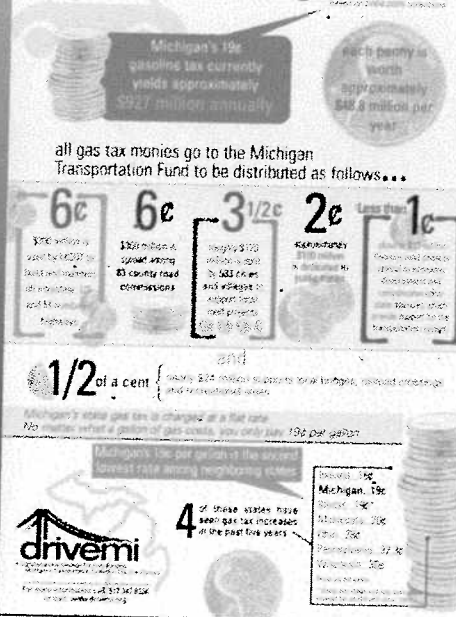
## Inadequate road dollars mean...

- Lost economic opportunities
- Congestion
- Increased safety risks
- Continued deterioration of our roads



## How Michigan's 19-cent gas tax breaks down

### breaking down Michigan's 19¢ state gasoline tax



## Why we need to change the way we fund our roads

---

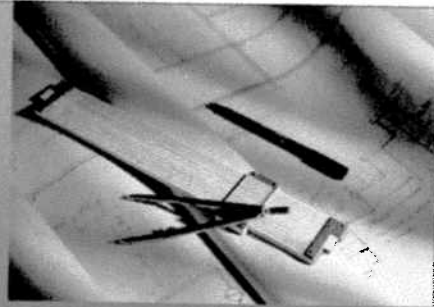
- No built-in inflationary mechanism to fund roads
- As fuel prices rise, consumption and road revenues decline

## Time for a Lasting, Legislative Fix



- Can't afford to wait for economic recovery to boost revenue
- The Legislature must **take action now!**
  - Long-term, comprehensive solution

## Benefits of a comprehensive plan



- Begins repairing the transportation system now.
- Prevents the band-aid approach of a short-term fix for a long-term problem.
- Helps turn Michigan's economy around.

## How do our transportation taxes compare to other states?

- 30 states have a higher regular fuel tax rate than Michigan
- 43 states have a higher diesel fuel tax rate, including 4 that are more than double
- 11 states have local option gas taxes
- Only 6 other states charge sales tax on their fuel
- Numerous other notable funding options

## How does our transportation spending compare to other states?

- Michigan is 46th out of 50 in terms of state disbursements for highways per capita.
- In 2004, the state spent \$289.94 per person, compared to the national average of \$356.46.

-- The Taxpayers Network, "50 State Comparisons" report, based on 2004 data.

## Possible Options

Proposal	Revenue Increase
<b>HB 4575</b> -- 9-cent gas tax increase	\$450 million
-- Three cents per year for three years	
-- Michigan currently rates 30th in gas taxes	
<b>HB 4576</b> -- Diesel tax parity	\$130 million
-- Raises diesel taxes up to the new gas tax amount, with a gradual phase-in	
-- Last poll taken showed 67 percent public support	
<b>HB 4577</b> -- 50 percent increase in vehicle registration fees	\$500 million
--Currently averages \$95 per car	
--Helps to mitigate effects of proliferation of hybrid vehicles and increased mpg	

**Vehicle Registration fee reforms**

**\$30 million**

- Pro rata vehicle registration (collect the vehicle registration fee at time of purchase rather than birthday)
- Regularly retire existing license plates to cut down on registration tab scams

**Inter-Departmental Grant/TAC Fund reforms**

**\$10 million**

- Make TAC fees self-sustaining and reduce IDGs to SOS and Treasury

**Fast Lanes (allows toll lanes to be built in the right of ways of existing congested roadways)**

-----

- Fast lanes pay for themselves but would not generate money for other roads

**Local options**

**Indeterminate**

- Allows counties or regions to collect a gas tax or vehicle registration fee (for transportation-related items only)
- Encourage regional cooperation. Up to 3 cents for a single county, up to 5 cents for two partnering counties and up to 7 cents for three counties working as a region

**\$1.12 billion + local**

## **Inter-Departmental Grants**

**FY 08 Gov's Recommended budget:**

**\$47 million diverted to other state agencies**

**\$20 million to Secretary of State**

**+ \$100 million TAC Fund**

**\$8 million to Dept. of Treasury**

**+ \$15 million gas tax collection fee that is paid to only about 75 wholesalers**

***Thus, state taxpayers pay over \$300,000 to collect gas taxes from EACH wholesaler!***

## Auditor General Reports

Auditor General Uncovers Repeated  
"Reportable Conditions" in Biennial Audits

'97-98	State Police and Treasury
'98-99	State Police and Treasury
'99-00	State Police and Attorney General
'02-03	Treasury
'04-05	Treasury, Sec. of State, State Police

## Auditor General Reports

Auditor General Uncovers Repeated "Reportable  
Conditions" in Biennial Audits

In the 2001 review of FY 98-99, the A.G. report said the department: "had not followed appropriate cost allocation methodologies". Instead, the A.G. encouraged a calculation based on "time and effort spent on transportation activities."

The report said the department blamed it on the Legislature, saying: "the Legislature consistently supported Department of Treasury collection costs based on the ratio of appropriated transportation funding to total Department of Treasury appropriations."

## \$31.29 per Month for the Average Michigan Driver

If a Michigan auto owner drives 15,000 miles per year, in a car that gets 20 miles per gallon, at the combined state and federal gasoline tax rates, the road user will pay \$280.50 in fuel taxes per year on 750 gallons of gas. The average registration tax is \$95 per year, for a total of \$375.50 annually in road user fees.

**As introduced, HB 4575-77 would add \$10 per month for the average driver in user fees.**

## What \$1 billion invested in roads mean each year...



### Economy and Jobs

- Nearly 47,500 jobs across the economy, with more than 75 percent in non-construction fields.
- \$200 million in family income, \$54 million in federal income and Social Security Tax and more than \$6 million in state and local tax revenues.



## What \$1 billion invested in roads mean each year...

### Congestion Relief

- Approximately 4.5 million hours of time-savings for commuters.
- Reducing congestion and commute times lowers harmful car emissions and will cut gas consumption by 2.8 million gallons.



## What \$1 billion invested in roads each year means in...

### Safety

- Saving an estimated 145 lives and preventing 5,000 injuries.
- More than \$200 million savings for health care, insurance and lost wage and productivity costs.
- Michigan's economic loss due to traffic accidents amounts to \$942.47 for every resident.



## What \$1 billion invested in roads each year means...

### Deterioration

- Reconstructing 650 freeway lane miles.
- Rehabilitating 2,699 freeway lane miles.
- Reconstructing 800 bridges.
- Reconstructing 1,400 intersections.



## With Increased Investment Comes Increased Accountability

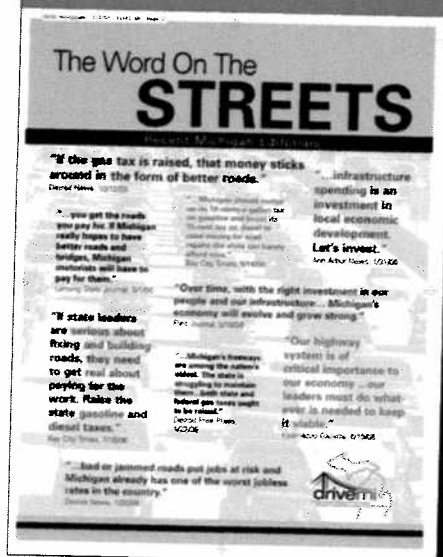
- ✓ Road builders willing to guarantee those elements they can control.
  - Michigan leads the nation in use of road warranties.
- ✓ MDOT and local road agencies should be required to spend money efficiently and wisely.
- ✓ We should guarantee that road dollars go to roads. No more legislative raids!

# Road Builders Working Efficiently

## FY 2006 Results

- 476 State Projects Bid -- Nearly \$1 billion
- 4.97 Bidders/Project
- Bids 4.1% (\$41 million taxpayer savings) below engineer's estimate

## Current Support for Increased Transportation Investment

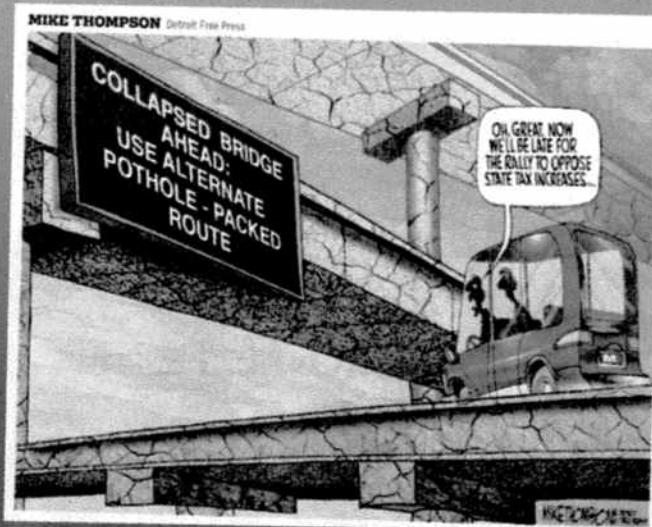


Editorial Support from Across the State

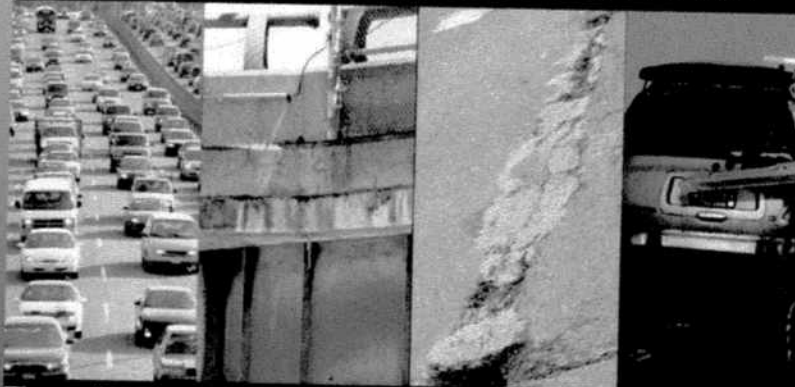
Public Support Found in Poll/Focus Groups

Private Transportation Studies

State fiscal challenges do need to be addressed, but don't forget about Michigan's transportation investment needs.



## IS YOUR FAMILY SAFE?



TELL LEGISLATORS: DON'T FORGET OUR ROADS

[www.drivemi.org](http://www.drivemi.org)

•Questions/Comments



## **Testimony before the House Transportation Committee**

April 12, 2007

Ronald W. Brenke, P.E., Executive Director

---

Good Morning Chairman and members of the committee.

My name is Ron Brenke and I am Executive Director for the American Council of Engineering Companies of Michigan. ACEC is an association of approximately 120 private engineering and scientific firms located in Michigan who employ over 5000 engineers and support staff. Our member firms range in size from 1 or 2 people to over 400 individuals.

ACEC member firms assist the Michigan Department of Transportation in delivering their construction program each year. Our members bring expertise, innovation, knowledge and experience to the various MDOT projects. MDOT routinely taps the transportation expertise and experience of our member firms to develop engineering solutions for a variety of projects, ranging from small projects to the most difficult and complex.

ACEC firms also work for local units of government, often acting as the engineer of record, to solve difficult issues and improve local transportation systems. The employees of our member firms live, work, volunteer and raise their children in these communities throughout the state.

ACEC believes that increasing transportation funding in Michigan is critical. The department has made steady progress in improving the overall condition of the transportation system since the last funding increase 10 years ago. Bonding efforts have provided the advancement of many critical projects. The improvements to the condition of the system are evidence of money well spent. However, traffic counts continue to outpace capacity improvements and revenue is not keeping pace with the increasing costs of construction. Many of the interim fixes were designed to extend the life of the pavements, but they will need more extensive repairs very soon. It is a fact that our system will quickly deteriorate if we do not increase the investment in our infrastructure. Congestion will increase, safety will be compromised, and "poor Michigan roads" will lower the quality of life for all Michigan residents.

Engineering firms are experiencing the loss of some of the brightest Michigan engineers to other states because the amount of work in Michigan is sharply declining. Firms are moving seasoned employees to offices outside of Michigan. Engineering graduates from Michigan's colleges and universities are moving to Florida, North Carolina, and Arizona where work is plentiful and engineers are in great demand.

I recently received a call from a recruiter from North Carolina who stated, "We understand Michigan's economy is poor and firms are laying off engineers. Can you put me in contact with some of these engineers because we could use them in our state." Even recruiters from Montana have targeted Michigan as a state to recruit engineers as demonstrated by their recent visit to several areas of the state.

Michigan needs to invest in our transportation infrastructure to maintain healthy, viable communities. Businesses need good transportation systems to move goods and people. Without engineering projects, our firms will be forced to reduce their workforce. This will reduce state revenues and add to the decline of our struggling economy.

Investment in our transportation system will improve our economy. More people will return to work, we will retain our "best and brightest" individuals, and the motoring public will spend less time stuck in traffic and have safer roads to travel on.

For these reasons and more, ACEC supports House Bills 4575-4577. Thank you.